

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 NEA-10 ISO-00 AID-05 CIAE-00
COME-00 EB-08 FRB-01 INR-10 NSAE-00 USIA-15
TRSE-00 XMB-04 OPIC-06 SP-02 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-07 CEA-01 ARA-14 PA-02 /134 W
-----120776 160317Z /14

R 141625Z MAR 78
FM AMEMBASSY LAGOS
TO SECSTATE WASHDC 7163
AMEMBASSY BRASILIA
AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMCONSUL IBADAN
AMCONSUL KADUNA

UNCLAS LAGOS 3265

E.O. 11652 : NA
TAGS : EINV, EQUIP, PFOR, NI
SUBJ : INDIGENIZATION: IBM IN NEWSPAPER

REF: LAGOS 3058 AND PREVIOUS(NOTAL)

1. IN STORY HEADLINED QTE IBM TO FOLD UP IN NIGERIA UNQTE,
BUSINESS TIMES OF MAR. 14 REPORTS THAT NIGERIAN GOVERNMENT (FMG)
HAS DENIED IBM'S REQUEST FOR EXEMPTION FROM INDIGENIZATION
DECREE AND DIRECTED IT TO COMPLY UNDER SCHEDULE 3, WHICH
REQUIRES THE SALE OF 40 PER CENT EQUITY TO NIGERIANS BY YEAR-END.

2. STORY SAID IBM NIGERIA'S FINANCE CONTROLLER, STEWARD SMITH,
DENIES RUMORS THAT IBM WILL LEAVE NIGERIA, SAYING IBM HEAD-
QUARTERS NEW YORK IS CONSIDERING FMG'S ORDER AND HAS NOT
DECIDED ON NEXT STEPS. HE ADDED THAT GENERAL MANAGER, ROBERT
SCHMID, IS IN NEW YORK.

3. STORY NOTED THAT IBM HAS HAD SIMILAR PROBLEMS IN INDIA,
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WHERE IBM PULLED OUT, IN INDONESIA, WHERE IT TRANSFERRED ITS
BUSINESS TO AN AGENT, AND IN BRAZIL, WHERE THE PROBLEM REMAINS
UNRESOLVED.

4. QUOTING UNIDENTIFIED OFFICIALS RESPONSIBLE FOR IMPLEMENTING
INDIGENIZATION, THE STORY SAID THERE IS NO PROVISION FOR
COMPLETE EXEMPTION FROM INDIGENIZATION, ONLY FOR TRANSFER

FROM ONE TO ANOTHER OF THE THREE INDIGENIZATION CATEGORIES OR SCHEDULES REQUIRING 100, 60 OR 40 PER CENT NIGERIAN OWNERSHIP OF ALL ENTERPRISES.

5. THE BUSINESS TIMES SAID IBM WOULD BE THE THIRD AMERICAN FIRM TO LEAVE NIGERIA BECAUSE OF INDIGENIZATION, AFTER CITIBANK AND COLGATE-PALMOLIVE, BUT NOTED THAT THE LATTER ALSO MAY HAVE LEFT BECAUSE IT WAS NOT DOING WELL HERE.

6. COMMENT: ARTICLE IS FACTUAL AND NON-INFLAMMATORY. UNLESS PICKED UP AND DISTORTED BY IRRESPONSIBLE ELEMENTS THE STORY PROBABLY WILL NOT AFFECT IBM'S RELATIONS WITH THE FMG.
EASUM

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NNN

Message Attributes

Automatic Decaptioning: X
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Decaption Date: 01 jan 1960
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Disposition Approved on Date:
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Disposition Remarks:
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Secure: OPEN
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TAGS: EINV, EQUIP, PEPR, NI, US, IBM
To: STATE BRASILIA
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